

EXHIBIT 18

NOTICE TO POLICYHOLDERS

COMMERCIAL PROPERTY COVERAGE PART

DESCRIPTION OF REVISIONS EDITION 05 16

This is a summary of the major changes in your Commercial Property Coverage Forms. NO COVERAGE IS PROVIDED BY THIS SUMMARY nor can it be construed to replace any provisions of your policy. YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

The areas within the policy that broaden, reduce or clarify coverage are indicated below. The material is organized by individual coverage forms; however, not all coverage forms are included in a particular policy.

AMENDMENTS TO COMMERCIAL PROPERTY COVERAGE FORM FM 101:

Below is a description of amendments to our **FM 101** coverage form, which is our base form for Building and Personal Property coverage. Our **FM 101** is being revised to become more up-to-date with ISO's Commercial Property forms and endorsements. With our revised **FM 101** coverage form and our corresponding commercial property forms and endorsements we are incorporating many of ISO's Countrywide Commercial Property form changes, having edition dates 06 07 and 10 12.

Editorial Changes Only:

Many of the form revisions are editorial in nature. Examples of editorial changes made in our revised forms include the following:

Items in a form may be re-numbered or re-lettered if such referenced item number or letter changed within the **FM 101** form.

Direct physical "loss" is now described simply as direct "loss", thereby dropping the unneeded word *physical*.

Quotation marks have been removed from the word "loss" in many cases where *loss* is not being used as a defined term. In **FM 101** "loss" is defined as "accidental physical loss or accidental physical damage". Expenses incurred due to physical damage are not themselves physical damage, loss payments for business income or extra expense due to "loss" are not payments for physical damage itself. In our forms we have clarified that loss has a broader sense than "loss" when used as a defined term.

Extra Expense is no longer a defined term and the quotation marks for it are removed in all of our forms.

Defined words and terms are no longer in bold type (unless they are part of a heading).

The phrase, "For the purposes of this endorsement only," is inserted as a lead-in for many items listed in our endorsements, for clarification.

In paragraphs indicating that a loss will be paid, the phrase, "in any one occurrence", has been moved to be in front of the payment limits, for emphasis, rather than having the phrase at the end of the sentence.

Building and Personal Property Coverage Form (Including Special Causes of Loss) - FM 101 05 16

Section A. COVERAGE, 1. Covered Property, d. Business Personal Property

- Business Personal Property is expanded to include property in buildings or structures. (Broadening)
- Business Personal Property "in the open", or "in a vehicle" does not expressly handle situations in which business personal property is located outside of the covered building, but still on premises in a storage unit. Coverage is extended to Business Personal Property in a portable storage unit, more like a POD. The base sublimit, which can be increased, will be \$10,000.

We will use our 1,000 feet coverage boundary for Business Personal Property outside a building. (Broadening)

- For tenants in multi-story buildings it makes a difference whether coverage applies outside the building or outside their premises. Language is added that the greater of those distances applies. (Broadening)

SECTION A. COVERAGE, 2. Property Not Covered

e. Electronic Data:

- Electronic data which is integrated into building systems for lighting, elevators, heating, ventilation, A/C, or security is considered part of the

coverage on the building and is not subject to Electronic Data exclusion. (Broadening)

h. Land, Water or Growing Crops:

- Lawns that are part of a vegetative roof are considered covered property. (Broadening)

SECTION A. COVERAGE, 3.a. Covered Causes of Loss

As ISO has done in reaction to court decisions, we are deleting the word "Risks" from the preamble to the Covered Causes of Loss section of **FM 101**. Item **3.a.** is changed from "Risks of Direct Physical Loss" to "Covered Causes of Loss". (Clarification)

SECTION A. COVERAGE, 3.b. Exclusions, (1)

(a) Ordinance or Law:

- Exclusion is clarified to exclude loss due to compliance with local ordinances. (Clarification)

(b) Earth Movement:

- Clarifies Earthquake includes tremors and aftershocks. (Clarification)
- Clarifies man-made causes (excavating, hydro fracking) are excluded as well as naturally caused earthquakes. (Clarification)
- Removes exception to earthquake exclusion for office equipment, Accounts Receivable, Valuable Papers and Records, and Transportation. (Reduction)

(e) Utility Services:

- Clarifies that owned equipment on the customer's premises is still considered as part of the utility service and excluded. An example of such equipment would be a transformer (property of utility) on the insured's premises. (Clarification)
- Removes the special Business Income exclusion for utility service outside building. (Clarification)

(g) Water:

- Incorporates ISO's **CP 10 32** endorsement wording (drafted to address post-Katrina issues) into our water exclusion. Clarifies that we exclude storm surge and includes examples of excluded events. (Clarification)
- Definition of flood added that matches our Flood Coverage Endorsement **FA 104**. (Clarification)

- Removes exception to water exclusion for office equipment, Accounts Receivable, Valuable Papers and Records, and Transportation. (Reduction)
- Flood exclusion language matches our Flood **FA 104** coverage buyback. (Clarification)
- Exclusion reorganized to make waterborne material its own paragraph. (Clarification)

SECTION A. COVERAGE, 3.b. Exclusions, (2)

(a) Electrical Current:

- Updates the exclusion language to match the endorsement buyback with current technology about power sources and associated systems, specifically with respect to power surges. (Broadening)

(h) Dishonest or Criminal Acts:

- Paragraph title is amended from "Dishonest Acts" to "Dishonest or Criminal Acts". (Clarification)
- The exclusion applies in full for dishonest or criminal acts, including theft, for those who have a role in the insured's business (partners, managers, directors, trustees, employees, authorized representatives). But for people who are entrusted with the insured's property (a category that would include tenants and bailees), only theft is excluded. (Broadening)
- The exception to the exclusion that covers acts of destruction by employees now includes authorized representatives. (Broadening)

(i) Voluntary Parting Under False Pretense:

- Paragraph title is amended from "False Pretense" to "Voluntary Parting Under False Pretense". (Clarification)

(k) Collapse:

- Clarifies policy intent that an insured event of collapse must be abrupt. (Clarification)
- Reformats language to track with Collapse coverage extension. (Clarification)

(m) Loss or Damage to Product:

- Renames the "Work Process" exclusion to be "Loss or Damage to Product". Clarifies policy intent that only the property being processed at time of loss is excluded. Loss caused by